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March 16, 1979

*Return Receipt Requested*

Mr. Frank Godina  
Ziegler Chemical & Mineral Corp.  
Bonanza, Utah

RE: Ziegler Chemical & Mineral Corp.  
I-4, E-5, and 8-A Gilsonite Mines

Dear Mr. Godina:

The Division of Oil, Gas, and Mining received Mining Plans for the above-noted mines on March 1, 1979. As you know Division personnel visited the mine sites on March 14, 1979. Through subsequent review of the plans and site inspection the Division has concluded that it is appropriate to consider Ziegler's gilsonite operations, located near Little Bonanza, Utah, that develop the Little Emma, Little Bonanza and the Independent veins, including all active, proposed, and inactive shafts used for mining or ventilation since July 1, 1977, as one mining operation. Section 40-8-4(8) of the Utah Mined Land Reclamation Act states,

" "On-site" means the surface land area within which mining operations are or will be conducted under a notice of intention to commence mining operations and which is bounded by continuous property lines defining surface land ownership, control, or right that is vested in the operator. A series of related properties under the control of a single operator but sperated by small parcels of land controlled by others will be considered a single site unless excepted by the division."

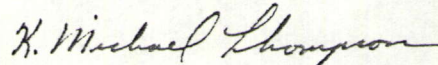


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The Division, therefore, requests that the three submitted mine plans be amended so as to consolidate all of Ziegler's gilsonite mines located in Township 9 South, Range 24 East, Uintah County, Utah in one Notice of Intent and associated Mining and Reclamation Plan. As previously noted active shafts, proposed future shafts, shafts used since July 1, 1977 and subsequently abandoned and abandoned shafts used for ventilation should be included in the plan. Surface facilities such as roads, stockpiles, buildings, waste dumps and power facilities should also be included. Structures and facilities located on State Land should be delineated from structures and facilities located on patented land.

In summary, the Division considers the Little Bonanza gilsonite area mines as one mining operation. Therefore, a "Declaration of Exemption" is unacceptable and a complete Mining and Reclamation Plan is required. Please see that this work is expeditiously accomplished so that the mining operations can be in compliance with the Utah Mined Land Reclamation Act. If you have any questions please feel free to call.

Sincerely,



K. MICHAEL THOMPSON  
ENGINEERING GEOLOGIST

KMT/te

cc: Robert E. Covington, Consultant  
Hiko Bell Mining Company  
Vernal, Utah

John Blake, Division of State Lands